

Condensed Consolidated Interim Financial Statements
(In euros)

Topicus.com Inc.

For the three months ended March 31, 2021 and 2020
Unaudited

Topicus.com Inc.

Condensed Consolidated Interim Statements of Financial Position

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	March 31, 2021	December 31, 2020	March 31, 2020
Assets			
Current assets:			
Cash	86,278	55,635	86,592
Accounts receivable	71,079	46,644	55,878
Unbilled revenue	22,553	12,609	11,704
Inventories	568	375	396
Other assets (note 5)	53,900	14,461	32,905
	234,377	129,724	187,475
Non-current assets:			
Property and equipment	15,797	8,782	8,159
Right of use assets	58,742	50,517	42,795
Deferred income taxes	5,035	1,946	942
Other assets (note 5)	4,908	3,956	3,614
Intangible assets (note 6)	710,942	446,213	389,058
	795,424	511,415	444,567
Total assets	1,029,801	641,139	632,042
Liabilities and Shareholders' Equity			
Current liabilities:			
Revolving credit facility and current portion of term loans (note 7 and 8)	24,625	19,482	-
Redeemable preferred securities (note 9)	3,694,452	-	-
Accounts payable and accrued liabilities	133,481	97,386	95,736
Deferred revenue	193,158	59,721	151,372
Provisions (note 10)	1,198	1,222	1,354
Acquisition holdback payables	11,040	12,601	5,247
Lease obligations	15,676	13,953	8,537
Income taxes payable (note 11)	14,520	12,576	9,443
	4,088,150	216,941	271,689
Non-current liabilities:			
Term loans (note 8)	96,613	32,572	32,351
Deferred income taxes	139,751	79,958	69,604
Acquisition holdback payables	-	608	887
Lease obligations	44,194	37,154	33,598
Other liabilities (note 5)	10,014	9,225	4,467
	290,573	159,518	140,907
Total liabilities	4,378,723	376,459	412,596
Shareholders' Equity (Deficiency):			
Capital stock (note 12)	39,412	39,412	39,412
Other equity	(991,700)	-	-
Accumulated other comprehensive income (loss)	(899)	(1,409)	(769)
Retained earnings (deficit)	(1,962,757)	138,572	107,755
Non-controlling interests (note 19)	(432,979)	88,106	73,048
	(3,348,921)	264,680	219,446
Subsequent events (note 20)			
Total liabilities and shareholders' equity	1,029,801	641,139	632,042

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Income (Loss)

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2021	2020
Revenue		
License	4,930	3,197
Professional services	48,589	28,270
Hardware and other	1,345	1,261
Maintenance and other recurring	124,733	87,040
	179,596	119,769
Expenses		
Staff	98,817	60,964
Hardware	634	749
Third party license, maintenance and professional services	15,721	10,593
Occupancy	1,373	862
Travel, telecommunications, supplies, software and equipment	4,212	3,798
Professional fees	2,520	1,937
Other, net	1,422	1,463
Depreciation	6,231	4,211
Amortization of intangible assets (note 6)	20,411	11,772
	151,341	96,349
Redeemable preferred securities expense (income) (note 9)	2,456,796	-
Finance and other expenses (income) (note 13)	3,018	1,954
	2,459,814	1,954
Income before income taxes	(2,431,559)	21,466
Current income tax expense (recovery)	10,363	6,665
Deferred income tax expense (recovery)	(5,788)	(2,690)
Income tax expense (recovery)	4,575	3,976
Net income (loss)	(2,436,134)	17,490
Net income (loss) attributable to:		
Equity holders of Topicus (note 19)	(2,065,123)	11,668
Non-controlling interests (note 19)	(371,011)	5,822
Net income (loss)	(2,436,134)	17,490
Weighted average shares (note 14)		
Basic shares outstanding	39,412,386	39,412,386
Diluted shares outstanding	129,322,452	118,156,055
Earnings (loss) per common share of Topicus (note 14)		
Basic	(52.40)	0.30
Diluted	(52.40)	0.15

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2021	2020
Net income (loss)	(2,436,134)	17,490
Items that are or may be reclassified subsequently to net income:		
Foreign currency translation differences from foreign operations and other	607	(439)
Other comprehensive (loss) income for the period, net of income tax	607	(439)
Total comprehensive income (loss) for the period	(2,435,528)	17,051
Total other comprehensive income (loss) attributable to:		
Equity holders of Topicus	413	(293)
Non-controlling interests	194	(146)
Total other comprehensive income (loss)	607	(439)
Total comprehensive income (loss) attributable to:		
Equity holders of Topicus	(2,064,711)	11,375
Non-controlling interests	(370,817)	5,676
Total comprehensive income (loss)	(2,435,528)	17,051

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Three months ended March 31, 2021

	Attributable to equity holders of Topicus				Total	Non-controlling interests	Total equity
	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	Retained earnings (Deficit)			
Balance at January 1, 2021	39,412	-	(1,409)	138,572	176,575	88,106	264,680
<i>Total comprehensive income for the period:</i>					-		
Net income (loss)	-	-	-	(2,065,123)	(2,065,123)	(371,011)	(2,436,134)
<i>Other comprehensive income (loss)</i>							
Foreign currency translation differences from foreign operations and other	-	-	413	-	413	194	607
Total other comprehensive income (loss) for the period	-	-	413	-	413	194	607
Total comprehensive income (loss) for the period	-	-	413	(2,065,123)	(2,064,711)	(370,817)	(2,435,528)
Transactions with owners, recorded directly in equity							
Issuance of Topicus Coop Ordinary Units to non-controlling interests	-	9,770	127	-	9,896	(9,896)	-
Net acquisition of non-controlling interest associated with acquisitions and other movements	-	-	(29)	220	191	2,602	2,793
Issuance of redeemable preferred securities	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)
Dividends to shareholders of the Company (note 12)	-	-	-	(36,425)	(36,425)	(18,175)	(54,600)
Balance at March 31, 2021	39,412	(991,700)	(899)	(1,962,757)	(2,915,943)	(432,979)	(3,348,921)

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Three months ended March 31, 2020

	Attributable to equity holders of Topicus				Total	Non-controlling interests	Total equity
	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	Retained earnings (deficit)			
Balance at January 1, 2020	39,412	-	(477)	96,087	135,022	67,372	202,395
<i>Total comprehensive income for the period:</i>							
Net income (loss)	-	-	-	11,668	11,668	5,822	17,490
<i>Other comprehensive income (loss)</i>							
Foreign currency translation differences from foreign operations and other	-	-	(293)	-	(293)	(146)	(439)
Total other comprehensive income (loss) for the period	-	-	(293)	-	(293)	(146)	(439)
Total comprehensive income (loss) for the period	-	-	(293)	11,668	11,375	5,676	17,051
Balance at March 31, 2020	39,412	-	(769)	107,755	146,398	73,048	219,446

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	(2,436,134)	17,490
Adjustments for:		
Depreciation	6,231	4,211
Amortization of intangible assets	20,411	11,772
Redeemable preferred securities expense (income) (note 9)	2,456,796	-
Finance and other expenses (income)	3,018	1,954
Income tax expense (recovery)	4,575	3,976
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 17)	112,914	97,470
Income taxes (paid) received	(8,008)	(16,480)
Net cash flows from operating activities	159,803	120,392
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(203)	(213)
Interest paid on other facilities	(1,550)	(1,418)
Increase (decrease) in Revolving credit facility	5,032	(50,000)
Proceeds from issuance of term loans	65,843	-
Credit facility transaction costs	(2,245)	-
Payments of lease obligations	(4,323)	(3,156)
Dividends paid	(54,600)	-
Net cash flows from (used in) in financing activities	7,954	(54,787)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(146,648)	(7,058)
Cash obtained with acquired businesses (note 4)	14,968	1,719
Post-acquisition settlement payments, net of receipts	(4,668)	(1,150)
Interest, dividends and other proceeds received	-	100
Property and equipment purchased	(766)	(660)
Net cash flows from (used in) investing activities	(137,115)	(7,049)
Effect of foreign currency on cash and cash equivalents	(0)	0
Increase (decrease) in cash	30,643	58,556
Cash, beginning of period	55,635	28,036
Cash, end of period	86,278	86,592

See accompanying notes to the condensed consolidated interim financial statements.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

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(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

1. Reporting entity

Topicus.com Inc. ("Topicus") was incorporated pursuant to the Business Corporations Act (Ontario) on September 10, 2020. The address of its registered office is 20 Adelaide Street East, Toronto, Ontario, Canada.

On January 4, 2021, Topicus completed a corporate reorganization (the "Combination") pursuant to which it acquired a controlling interest in Topicus.com Coöperatief U.A. ("Topicus Coop") (formerly named Constellation Software Netherlands Holding Coöperatief U.A. ("CSNH")). Topicus Coop is an entity incorporated and domiciled in the Netherlands and, prior to the Combination, was controlled by Constellation Software Inc. ("CSI"), Topicus' parent company and controlling shareholder. The Combination was completed between entities under common control and Topicus has recorded the Combination at carrying value of the net assets recorded in the financial statements of Topicus Coop. Topicus has amended its comparative financial information to reflect the Combination as if it had occurred before the start of the earliest period presented.

In conjunction with the Combination, Topicus issued 1 super voting share (the "Super Voting Share"), 39,412,385 preferred shares (the "Preferred Shares") and 39,412,385 subordinate voting shares (the "Subordinate Voting Shares") to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares of Topicus to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units ("Topicus Coop Preference Units") and 19,665,642 ordinary units ("Topicus Coop Ordinary Units") to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners of CSNH) (collectively known as the "Joday Group"). Topicus has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented for purposes of Topicus' basic and diluted earnings per share calculation.

The condensed consolidated interim financial statements of Topicus as at and for the three-month periods ended March 31, 2021 and March 31, 2020 comprise Topicus, Topicus Coop and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. Topicus' principal subsidiary is Topicus Coop and Topicus has an equity interest of 60.71% in Topicus Coop with 39.29% being owned by the non-controlling interests.

The Company is engaged principally in the development, installation and customization of software and the provision of related professional services and support for customers across over 20 diverse markets primarily in Europe.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies disclosed in Note 3 of the CSNH 2020 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, except as disclosed herein.

The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards (IFRS), issued and outstanding as of May 4, 2021, the date the Board of Directors approved the condensed consolidated interim financial statements.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2020 annual consolidated financial statements and the 2020 annual consolidated financial statements of CSNH (together, referred to as the "2020 annual consolidated financial statements").

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, derivative financial instruments and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

(c) Functional and presentation of currency

The consolidated financial statements are presented in euro, which is Topicus' functional currency.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2020 annual consolidated financial statements and described in these condensed consolidated interim financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

The Company is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has adversely impacted many of the Company's business units' operations to date. The future impacts of the pandemic and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by the governments of countries affected and the resulting economic impact may continue to adversely affect the Company's results of operations, cash flows and financial position as well as its customers in future periods.

3. Significant accounting policies

The significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the 2020 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The accounting policies have been applied consistently by the Company's subsidiaries.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

4. Business acquisitions

(a) On January 5, 2021, the Company acquired 100% of the shares of Topicus.com B.V. from Ijssel B.V. (“Ijssel”). The Company paid cash of EUR 133,639 to Ijssel. Furthermore, the Company issued 5,842,882 Topicus Coop Preference Units to Ijssel for an initial subscription price of EUR 83,800 plus an additional subscription amount of EUR 27,589 which will be paid by Ijssel to the Company in May 2021. The Company also issued 5,842,882 Topicus Coop Ordinary Units to Ijssel. The aggregate total consideration totalled EUR 217,439.

Topicus.com B.V. is a Netherlands-based diversified vertical market software provider and primarily operates in the healthcare, finance, education, and social services markets and is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in these condensed consolidated interim financial statements from the date of the acquisition.

The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company’s best practices to improve the operations of Topicus.com B.V., synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 7,020; however, the Company has recorded an allowance of EUR 472 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisition. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities.

The impact of acquisition accounting applied on a provisional basis in connection with the acquisition of Topicus.com B.V. is as follows:

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(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

Assets acquired:	
Cash	12,300
Accounts receivable	6,549
Other current assets	10,222
Property and equipment	6,402
Other non-current assets	11,700
Deferred income taxes	1,759
Trademarks	16,700
Technology assets	97,200
Customer assets	126,800
	<hr/>
	289,633
Liabilities assumed:	
Current liabilities	19,108
Deferred revenue	5,184
Deferred income taxes	60,175
Other non-current liabilities	10,367
	<hr/>
	94,834
Non-controlling interest	2,294
Goodwill	24,935
Total consideration	217,439

The acquisition of Topicus.com B.V. contributed revenue of EUR 32,577 and a net loss of EUR 72 during the three months ended March 31, 2021. If this acquisition had occurred on January 1, 2021, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income would not have been materially different as compared to the actual amounts reported in the statement of income for the actual period.

(b) During the three-month period ended March 31, 2021, the Company completed additional acquisitions for aggregate cash consideration of EUR 13,008 plus cash holdbacks of EUR 719, resulting in total consideration of EUR 13,728.

None of the additional acquisitions completed during the three-month period were deemed to be individually significant. All of the businesses acquired during the three-month period were acquisitions of shares. The cash holdbacks are generally payable within a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the purchase and sale agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

The acquisitions during the three-month period ended March 31, 2021 include software companies catering to the following markets: healthcare and education, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these consolidated financial statements from the date of each acquisition.

The goodwill recognized in connection with these acquisitions is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, other intangible assets that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 2,843; however, the Company has recorded an allowance of EUR 564 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of certain acquisitions made, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during the last three quarters of 2020 and first quarter of 2021. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The cash consideration associated with these provisional estimates totals EUR 91,341 (excluding the acquisition of Topicus.com B.V.).

The aggregate impact of acquisition accounting applied in connection with the additional business acquisitions in the three-month period ended March 31, 2021 is as follows:

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(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

Assets acquired:	
Cash	2,668
Accounts receivable	2,279
Other current assets	757
Property and equipment	1,513
Other non-current assets	1,271
Deferred income taxes	710
Technology assets	4,946
Customer assets	12,590
	<hr/>
	26,734
Liabilities assumed:	
Current liabilities	3,776
Deferred revenue	3,202
Deferred income taxes	3,632
Other non-current liabilities	836
	<hr/>
	11,445
Non-controlling interest	1,994
Goodwill	433
	<hr/>
Total consideration	13,728

The 2021 additional business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income for the three months ended March 31, 2021. The materiality threshold is reviewed on a regular basis taking into account the quantitative (contribution to revenue and net income) and qualitative (size and comparability with other Topicus businesses) factors of current period additional acquisitions on both an individual and aggregate basis.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

5. Other assets and other non-current liabilities

(a) Other assets

	March 31, 2021	December 31, 2020
Prepaid expenses and other current assets	22,886	11,891
Holdback receivable from Ijssel	27,589	-
Sales tax receivable	975	624
Equity securities held for trading	2	2
Other receivables	2,448	1,943
Total other current assets	53,900	14,461
Costs to obtain a contract	203	231
Non-current trade and other receivables and other assets	3,841	3,623
Equity accounted investees	864	103
Total other non-current assets	4,908	3,956

(b) Other non-current liabilities

	March 31, 2021	December 31, 2020
Contingent consideration	3,442	3,430
Deferred revenue	966	919
Other non-current liabilities	5,606	4,876
Total other non-current liabilities	10,014	9,225

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

6. Intangible Assets

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2020	230,297	271,541	6,300	107,482	615,620
Acquisitions through business combinations	36,908	38,503	-	26,972	102,383
Effect of movements in foreign exchange and other	112	302	0	15	428
Balance at December 31, 2020	267,317	310,346	6,300	134,469	718,432
Balance at January 1, 2021	267,317	310,346	6,300	134,469	718,432
Acquisitions through business combinations	102,146	145,063	16,700	20,755	284,664
Effect of movements in foreign exchange and other	246	(182)	-	410	475
Balance at March 31, 2021	369,710	455,227	23,000	155,635	1,003,571
Accumulated amortization and impairment losses					
Balance at January 1, 2020	143,777	76,170	1,890	-	221,838
Amortization for the period	26,227	23,839	315	-	50,381
Balance at December 31, 2020	170,004	100,010	2,205	-	272,218
Balance at January 1, 2021	170,004	100,010	2,205	-	272,218
Amortization for the period	10,780	9,344	288	-	20,411
Balance at March 31, 2021	180,784	109,353	2,493	-	292,629
Carrying amounts					
At January 1, 2020	86,520	195,371	4,410	107,482	393,783
At December 31, 2020	97,313	210,336	4,095	134,469	446,213
At January 1, 2021	97,313	210,336	4,095	134,469	446,213
At March 31, 2021	188,926	345,873	20,508	155,635	710,942

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

7. Revolving Credit Facility

On July 7, 2017, Topicus Coop entered into a credit facility (the “Revolving Credit Facility”) with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities securing amounts outstanding under the Term Loans (note 8). The Revolving Credit Facility contains standard events of default, which if not remedied within a cure period, would trigger the repayment of any outstanding balance. As of March 31, 2021, EUR 25,032 (December 31, 2020 – EUR 20,000) had been drawn from this credit facility. Transaction costs associated with the Revolving Credit Facility have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. The carrying value of the debt amounts to EUR 24,596 (December 31, 2020 – EUR 19,482) and has been classified as a short-term liability in the consolidated statement of financial position. The Company’s intent is to repay the outstanding balance of the revolving credit facility within the next 12 months. As at March 31, 2021, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 436 (December 31, 2020 – EUR 518).

8. Term Loans

Certain of the Company’s subsidiaries have entered into term debt facilities (“Term Loans”) with various financial institutions. Topicus does not guarantee the debt of these subsidiaries, nor are there any cross-guarantees between subsidiaries. The credit facilities are collateralized by substantially all of the assets of the borrowing entity and its subsidiaries. The credit facilities typically bear interest at a rate calculated using an interest rate index plus a margin. The financing arrangements for each subsidiary typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of acquisitions and sales of assets. In addition, certain financial covenants must be met by those subsidiaries that have outstanding debt.

The term loans comprise the following:

	Term Debt Facilities
Principal outstanding at March 31, 2021 (and equal to fair value)	100,318
Deduct: Carrying value of transaction costs included in debt balance	(3,676)
Carrying value at March 31, 2021	96,642
Current portion	29
Non-current portion	96,613

The annual minimum repayment requirements for the Term Loans are as follows:

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Year	Term Debt Facilities
2021	20
2022	363
2023	1,035
2024	1,035
2025	35,035
2026	1,035
2027	1,124
2028	60,672
	<hr/>
	100,318

9. Redeemable preferred securities

Preferred Shares of Topicus:

On January 4, 2021, the Company completed the Combination (see note 1). In connection with the Combination, the Company issued 39,412,385 Preferred Shares to CSI. The Preferred Shares are non-voting, and under certain conditions, are redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per share. The redemption price may either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 1:1. The Preferred Share holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of approximately EUR 19.06 per share.

The fair value of the Preferred Shares on the date of issuance was EUR 751,359 and has been recorded as a liability. The Company has determined that the conversion option associated with the redeemable preferred shares does not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. the conversion option does not meet the “fixed for fixed” requirement). As a result, the Preferred Shares will be recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Shares is recorded as redeemable preferred securities expense (income) in the condensed consolidated interim statements of income.

Further descriptions of the significant terms and conditions of the Preferred Shares are described below. The terms and conditions of the Preferred Shares should be read in conjunction with the terms and conditions of the Topicus Coop Preference Units as outlined below.

Conversion

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares on a one-for-one basis at any time (the “Preferred Share Conversion Right”).

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares to the day before the conversion date. Pursuant to the terms of the Investor Rights and Governance Agreement entered into by CSI, the Joday Group, Ijssel, Topicus and Topicus Coop (the “IRGA”), the Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends

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on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSX Venture Exchange ("TSXV") approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

Redemption at the Option of the Holder

Pursuant to the terms of the IRGA, upon either the exercise by the Company of the Company Call Right (as defined below), or the exercise of the Preferred Share Retraction Right (as defined below), the holders of the Preferred Shares will, subject to the terms of the IRGA, be entitled to receive an amount of cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares (the "Preferred Share Call Price Right"). Notwithstanding the foregoing, if the board of directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, CSI will, subject to TSXV approval, receive Subordinate Voting Shares of equal value.

Preferred Share Retraction Right

The "Preferred Share Retraction Right" provides that (i) at any time until July 5, 2021, the holders of the Preferred Shares will have the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right (in which case, pursuant to the terms of the IRGA, the holders of the Topicus Coop Preference Units will be entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right as outlined below), and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Shares and the Topicus Coop Preference Units (together, the "Preferred Securities"), excluding any Topicus Coop Preference Units held by the Company, will have the right (but not the obligation) to entitle the holders of the Preferred Shares to sell all of their Preferred Shares to the Company and to exercise the Preferred Share Call Price Right. Upon the exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends will be satisfied by the payment of cash.

Preferred Share Put Right

Subject to the terms of the IRGA, the holders of the Preferred Shares will be entitled to require the Company to repurchase some or all of their Preferred Shares (the "Preferred Share Put Right"). Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares will be entitled to receive an amount of cash equal to approximately EUR 19.06 per share.

Pursuant to the terms of the IRGA, the Preferred Share Put Right can be exercised at any time on or after February 1, 2024, but if the Preferred Share Put Right is exercised prior to February 1, 2026, it shall only be exercisable if at such time the board of directors of the Company determines that the Company has sufficient cash on hand to satisfy the payment of approximately EUR 19.06 per share in cash. If the board of directors of the Company determines that it does not have sufficient cash on hand, the holders of the Preferred Shares will not be permitted to exercise the Preferred Share Put Right.

If the Preferred Share Put Right is exercised after February 1, 2026, then regardless of whether the Company has sufficient cash on hand at that time, the holders of the Preferred Shares will be entitled to receive an amount of cash equal to approximately EUR 19.06 per share and, subject to the terms below, upon the exercise of the Preferred Share Put Right by a holder, the Company must notify each other holder of Preferred Shares of such exercise, and invite (but not oblige) such other holders to also exercise their Preferred Share Put Right, upon 30 days' notice to the Company. During that 30 day notice period, the Company will determine whether or not it has

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sufficient cash on hand to satisfy the payment in cash, and if it does not, the Company will have the option to exercise the Company Call Right, in which case the Preferred Share Put Right will not be exercised in respect of any of the Preferred Shares. Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends will be satisfied by the payment of cash.

Redemption at the Option of the Company

Subject to the terms of the IRGA, if the Subordinate Voting Shares achieve a volume weighted average share price that is equal to or greater than the Canadian dollar equivalent of 125% of the initial Preferred Share value of approximately EUR 19.06 per share (being the Canadian dollar equivalent of approximately EUR 23.83) (the "Premium Target Price") determined on the basis of the 60-day volume weighted average trading price of the Subordinate Voting Shares for any 60-day trading period (the "Mandatory Conversion Moment"), and the holders of the Preferred Shares have not exercised the Preferred Share Conversion Right within 30 days after notice has been given to them that the Premium Target Price has been achieved, the Company will redeem the Preferred Shares in exchange for a cash payment to the holders of the Preferred Shares of approximately EUR 19.06 per share (the "Company Mandatory Conversion Moment Call Right").

Pursuant to the terms of the IRGA, the earliest date that the actual conversion or redemption of Preferred Shares resulting from the occurrence of the Mandatory Conversion Moment may occur is the first business day occurring 12 months following February 1, 2021 and, thereafter, such conversion may only occur after the first business day that is six months following the Mandatory Conversion Moment.

Upon the exercise of the Company Mandatory Conversion Moment Call Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

Pursuant to the terms of the IRGA, achieving the Mandatory Conversion Moment will require the Company to exercise the Company Mandatory Conversion Moment Call Right and Topicus Coop will then be required to exercise its corresponding right over the Topicus Coop Preference Units (see note 20).

Company Call Right

Any time after February 1, 2026, the Company will have the option to redeem all the Preferred Shares in exchange for, at the option of each holder of Preferred Shares, payment of an amount in cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof (the "Company Call Right"). Notwithstanding the foregoing, if the board of directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares will, subject to TSXV approval, receive Subordinate Voting Shares of equal value.

Upon the exercise of the Company Call Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of

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directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares will, subject to TSXV approval, receive Subordinate Voting Shares of equal value.

Pursuant to the terms of the IRGA, if the Company Call Right is exercised, and at the time of such exercise the value of a Subordinate Voting Share exceeds approximately EUR 19.06 per share, then the holders of the Preferred Shares will first have the option to exercise the Preferred Share Conversion Right, in which case the Company Call Right will not be exercised.

The Company Call Right can only be exercised by Topicus if Topicus Coop exercises the Topicus Coop Call Right (as defined below) concurrently.

Topicus Coop Preference Units:

Topicus Coop issued 19,665,642 Topicus Coop Preference Units to the Joday Group in conjunction with the Combination. Topicus Coop also issued 5,842,882 Topicus Coop Preference Units to Ijssel in conjunction with the acquisition of Topicus.com B.V. The Topicus Coop Preference Units are non-voting and are redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per unit. The redemption price may either be settled in cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. The Topicus Coop Preference Units are convertible into Topicus Coop Ordinary Units (note 18) at a conversion ratio of 1:1. The Topicus Coop Preference Unit holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Topicus Coop Preference Unit value of approximately EUR 19.06 per unit.

The fair value of the Topicus Coop Preference Units on the date of issuance was EUR 486,295 and has been recorded as a liability. The Company has determined that the conversion option associated with the Topicus Coop Preference Units does not result in a fixed amount of cash being exchanged for a fixed amount of units (i.e. the conversion option does not meet the “fixed for fixed” requirement). As a result, the Topicus Coop Preference Units will be recorded at fair value at the end of each reporting period. The change in fair value of the Topicus Coop Preference Units is recorded as a redeemable preferred securities expense (income) in the condensed consolidated interim statements of income.

Further descriptions of the significant terms and conditions of these Topicus Coop Preference Units are described below. The terms and conditions of the Topicus Coop Preference Units should be read in conjunction with the terms and conditions of the Preferred Shares.

Conversion

Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time (the “Topicus Coop Preference Unit Conversion Right”). Pursuant to the terms of the IRGA and the exchange agreement entered into among the Company, Topicus Coop, the Joday Group and Ijssel (the “Exchange Agreement”), the portion of the Topicus Coop Preference Units which constitute Topicus Coop Exchangeable Units (as defined below) are indirectly exchangeable for Subordinate Voting Shares.

Upon the exercise of the Topicus Coop Preference Unit Conversion Right, the holders of the Topicus Coop Preference Units will be entitled to receive all accrued but unpaid dividends accruing to the day before the conversion date. Pursuant to the terms of the IRGA, the board of directors of Topicus Coop will make a determination as to whether Topicus Coop has sufficient cash on hand to satisfy the payment of any accrued but

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unpaid dividends on the Topicus Coop Preference Units in cash. If the board of directors of Topicus Coop determines that Topicus Coop does not have sufficient cash on hand, the accrued but unpaid dividends will be satisfied by the issuance of Topicus Coop Ordinary Units of equal value.

Holders of Topicus Coop Preference Units are entitled to exercise their Topicus Coop Preference Unit Conversion Right, and either continue to hold Topicus Coop Ordinary Units, or, pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Topicus Coop Ordinary Units which constitute Topicus Coop Exchangeable Units can be exchanged for Subordinate Voting Shares.

Redemption at the Option of the Holder

Upon the exercise by Topicus Coop of the Topicus Coop Call Right (as defined below), or the exercise of the Topicus Coop Preference Unit Retraction Right (as defined below), holders of the Topicus Coop Preference Units have a right that mirrors the Preferred Share Call Price Right (but at the Topicus Coop level) (the “Topicus Coop Preference Unit Call Price Right”), and which is subject to substantially the same terms and restrictions that apply to the Preferred Share Call Price Right (but at the Topicus Coop level). As the Topicus Coop Preference Unit Call Price Right occurs at the Topicus Coop level, the holders of the Topicus Coop Preference Units would receive Topicus Coop Ordinary Units, and not Subordinate Voting Shares, in connection with the exercise of this right.

The “Topicus Coop Preference Unit Retraction Right” provides that (i) at any time until July 5, 2021, the holders of the Preferred Shares will have the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right, in which case the holders of the Topicus Coop Preference Units will be entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right, and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Securities (excluding any Topicus Coop Preference Units held by the Company) will have the right (but not the obligation) to entitle the holders of the Topicus Coop Preference Units to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right.

Holders of the Topicus Coop Preference Units have a redemption right that mirrors the Preferred Share Put Right (but at the Topicus Coop level), and which is subject to substantially the same terms and restrictions that apply to the Preferred Share Put Right (but at the Topicus Coop level).

Redemption at the Option of Topicus Coop

Topicus Coop has a redemption right in respect of the Topicus Coop Preference Units that mirrors the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level), and which is subject to substantially the same terms and restrictions that apply to the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level). This right can only be exercised by Topicus Coop if the Company exercises the Mandatory Conversion Moment Call Right.

Topicus Coop has a redemption right in respect of the Topicus Coop Preference Units that mirrors the Company Call Right (but at the Topicus Coop level), and which is subject to substantially the same terms and restrictions that apply to the Company Call Right (but at the Topicus Coop level) (the “Topicus Coop Call Right”). The Topicus Coop Call Right can only be exercised by Topicus Coop if the Company exercises the Company Call Right concurrently.

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10. Provisions

At January 1, 2021	1,222
Reversal	(17)
Provisions recorded during the period	516
Provisions used during the period	(525)
Effect of movements in foreign exchange and other	2
At March 31, 2021	1,198
Provisions classified as current liabilities	1,198
Provisions classified as other non-current liabilities	-

The provisions balance is comprised of various individual provisions for severance costs and other estimated liabilities of the Company of uncertain timing or amount.

11. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions, and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2021 was 0% (19% for the three months ended March 31, 2020). The current period effective tax rate is impacted by the redeemable preferred securities expense, which is not deductible for tax purposes.

The Company is subject to tax audits in the countries in which the Company does business globally. These tax audits could result in additional tax expense in future periods relating to historical filings. Reviews by tax authorities generally focus on, but are not limited to, the validity of the Company's inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgement. If any of these tax authorities are successful with their challenges, the Company's income tax expense may be adversely affected and the Company could also be subject to interest and penalty charges.

12. Shareholders' Equity

	Common Stock	
	Number	Amount
March 31, 2021	39,412,386	39,412
December 31, 2020	39,412,386	39,412

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The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at March 31, 2021, there are 39,412,385 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by CSI. The Super Voting Share entitles CSI to that number of votes that equals 50.1% of the aggregate number of votes attached to all the outstanding Super Voting Shares and Subordinate Voting Shares.

Dividends

On January 4, 2021 in connection with the Combination (see note 1), Topicus paid a dividend of EUR 54,600 to CSI and the Joday Group.

13. Finance and other expense (income)

	Three months ended March 31,	
	2021	2020
Interest expense on debt	1,902	1,139
Interest expense on lease obligations	314	213
Amortization of debt related transaction costs	212	158
Share in net (income) loss of equity investee	150	2
Foreign exchange loss (gain)	257	291
Other finance costs (income)	183	150
Finance costs and other	3,018	1,954

14. Earnings (loss) per share

In conjunction with the Combination, Topicus issued 1 Super Voting Share, 39,412,385 Preferred Shares and 39,412,385 Subordinate Voting Shares to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units ("Topicus Coop Preference Units") and 19,665,642 ordinary units ("Topicus Coop Ordinary Units") to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners of CSNH) (collectively known as the "Joday Group"). Topicus has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented and has calculated basic and diluted earnings per share as if this capital reorganization occurred on January 1, 2020.

Basic and diluted earnings (loss) per share

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	Three months ended March 31,	
	2021	2020
Basic earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to equity holders of Topicus	(2,065,123)	11,668
Denominator:		
Basic shares outstanding	39,412,386	39,412,386
Earnings (loss) per share		
Basic	(52.40)	0.30
Diluted earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to equity holders of Topicus	(2,065,123)	11,668
Add: Expense (income) associated with the redeemable preferred securities	2,456,796	-
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	(371,229)	5,822
Net income (loss) to be used for diluted earnings per share	20,444	17,490
Denominator:		
Basic shares outstanding	39,412,386	39,412,386
Add: Effect of dilutive shares	89,910,066	78,743,669
Diluted shares outstanding	129,322,452	118,156,055
Earnings (loss) per share		
Diluted	(52.40)	0.15

For the three months ended March 31, 2021, the diluted earnings (loss) per share is equivalent to basic earnings (loss) per share because the impact of the potential dilution is anti-dilutive.

15. Financial instruments

Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, income taxes payable, the majority of acquisition holdbacks, and the Revolving Credit Facility, approximate their fair values due to the short-term nature of these instruments. The carrying value of the Term Loans approximate their fair value as the bank debt is subject to market interest rates.

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and

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- level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the table below, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial assets and financial liabilities measured at fair value as of March 31, 2021 and December 31, 2020 in the condensed consolidated interim financial statements are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations and the redeemable preferred securities.

	March 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities held for trading	2	-	-	2	2	-	-	2
	2	-	-	2	2	-	-	2
Liabilities:								
Redeemable preferred securities	-	-	3,694,452	3,694,452	-	-	-	-
Contingent consideration	-	-	3,643	3,643	-	-	3,641	3,641
	-	-	3,698,095	3,698,095	-	-	3,641	3,641

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended March 31, 2021 and December 31, 2020.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

Contingent Consideration

Balance at January 1, 2021	3,641
Increase from business acquisitions	-
Cash recoveries (payments)	-
Charges through profit or loss	5
Foreign exchange and other movements	(3)
Balance at March 31, 2021	3,643
Contingent consideration classified as current liabilities	201
Contingent consideration classified as other non-current liabilities	3,442

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Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue/profitability growth rates and the discount rates applied (8% to 11%). The estimated fair value increases as the annual revenue/profitability growth rate increases and as the discount rate decreases and vice versa.

Redeemable Preferred Securities:

Balance at January 1, 2021	-
Issuance in relation to the acquisition of Topicus.com B.V.	111,389
Redeemable preferred securities issued to CSI and the Joday Group	1,126,267
Cash recoveries (payments)	-
Charges through profit or loss	2,456,796
Foreign exchange and other movements	-
Balance at March 31, 2021	3,694,452

Estimates of the fair value of the redeemable preferred securities are performed by the Company on a quarterly basis. Key unobservable inputs include expected volatility and the credit spread of the redeemable preferred securities. The estimated fair value increases as the expected volatility increases. The estimated fair value decreases as the credit spread increases. The key observable input is the common share price of Topicus. As the Topicus common share price increases, the fair value of the redeemable preferred securities increases.

16. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

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17. Changes in non-cash operating assets and liabilities

	Three months ended	
	March 31,	
	2021	2020
Decrease (increase) in current accounts receivable	(16,189)	(11,647)
Decrease (increase) in current unbilled revenue	(3,423)	(2,061)
Decrease (increase) in other current assets	(7,951)	(4,311)
Decrease (increase) in inventories	(42)	4
Decrease (increase) in other non-current assets	126	1,253
Increase (decrease) in other non-current liabilities	(214)	(1,442)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	15,580	10,756
Increase (decrease) in current deferred revenue	125,052	105,607
Increase (decrease) in current provisions	(24)	(688)
Change in non-cash operating working capital	112,914	97,470

18. Related parties

Transactions with CSI

The Company pays management fees to CSI (included within “Other, net” expenses) and reimburses CSI for certain expenses paid on behalf of the Company. The aggregate payments made by the Company to CSI for management fees and reimbursements of expenses during the three months ended March 31, 2021 was EUR 1,282 (March 31, 2020 - EUR 605 for the three months ended). During the period, the Company expensed management fees of EUR 315 (March 31, 2020 – EUR 315 for the three months ended).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at March 31, 2021 was EUR 4,798 (December 31, 2020 – EUR 1,282, included within accounts payable and accrued liabilities).

Transactions with entities under the control of CSI

The Company also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the three months ended March 31, 2021 (included within professional services revenue) relating to such arrangements was EUR 987 (March 31, 2020 – EUR 1,396 for the three months). The ending receivable balance (included within accounts receivable) as at March 31, 2021 relating to these arrangements was EUR 453 (December 31, 2020 – EUR 437).

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(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three months ended March 31, 2021 and 2020

(Unaudited)

19. Non-controlling interests

The Company's non-controlling interest at March 31, 2021 is associated with Topicus Coop, an entity domiciled in the Netherlands. Topicus Coop's equity consists of Topicus Coop Ordinary Units. There are currently 64,920,909 Topicus Coop Ordinary Units outstanding, which are held by Topicus Coop's unitholders, as follows:

- Topicus: 39,412,385 Topicus Coop Ordinary Units, representing 60.71% equity ownership.
- Joday Group: 19,665,642 Topicus Coop Ordinary Units, representing 30.29% equity ownership.
- Ijssel: 5,842,882 Topicus Coop Ordinary Units, representing 9% equity ownership.

All of the Topicus Coop Ordinary Units held by the Joday Group and Ijssel (collectively the "Topicus Coop Exchangeable Units") are exchangeable, directly or indirectly, for Subordinate Voting Shares. The Topicus Coop Exchangeable Units comprise non-controlling interests in Topicus Coop.

Topicus Coop also has issued Topicus Coop Preference Units to the Company (39,412,385 Topicus Coop Preference Units), the Joday Group (19,665,642 Topicus Coop Preference Units) and Ijssel (5,842,882 Topicus Coop Preference Units). Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time. Pursuant to the terms of the IRGA and the Exchange Agreement, the Topicus Coop Preference Units held by the Joday Group and Ijssel also constitute Topicus Coop Exchangeable Units which are indirectly exchangeable into Subordinate Voting Shares. The Topicus Coop Preference Units held by the Joday Group and Ijssel have been classified as a liability by the Company and have been excluded from non-controlling interests. If the Topicus Coop Preference Units held by the Joday Group and Ijssel are converted into Topicus Coop Ordinary Units, such Topicus Coop Ordinary Units would then form part of non-controlling interest.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

	As at March 31, 2021	Inter-company eliminations	Total
Non-controlling interest	39.3%		
Current assets	234,377		
Non-current assets	795,424		
Total assets	<u>1,029,801</u>		
Current liabilities	4,088,089		
Non-current liabilities	290,573		
Total liabilities	<u>4,378,661</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	2,717		
Net assets	<u>(3,351,577)</u>	2,242,701	(1,108,876)
Net assets attributable to the non-controlling interests of Topicus Coop			<u>(435,696)</u>

The following tables summarize the information on the statement of earnings relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

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(In thousands of euros, except per share amounts and as otherwise indicated)

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Three months ended March 31, 2021 and 2020

(Unaudited)

	Three months ended March 31, 2021	Inter-company eliminations	Total
Revenue	179,596		
Expenses	154,298		
Redeemable preferred securities expense (income) (note 9)	2,456,796		
Income before income taxes	<u>(2,431,498)</u>		
Income tax expense	4,575		
Net income (loss) prior to non-controlling interest allocation	<u>(2,436,073)</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	218		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries	<u>(2,436,291)</u>	1,491,489	<u>(944,803)</u>
Net income (loss) attributable to non-controlling interests of Topicus Coop			<u>(371,229)</u>

Financial information on the statement of cash flows for Topicus Coop is as follows:

	Three months ended March 31, 2021
Cash flows from operating activities	159,803
Cash flows from (used in) in financing activities	7,954
Cash flows from (used in) investing activities	(137,115)

20. Subsequent events

As of April 29, 2021, the Mandatory Conversion Moment (note 9) for the mandatory conversion or redemption of all Preferred Shares and all Topicus Coop Preference Units has been reached. Once the Subordinate Voting Shares of Topicus reach the Premium Target Price determined on the basis of the 60-day volume weighted average trading price of the Subordinate Voting Shares for any 60-day trading period, all outstanding Preferred Shares and Topicus Coop Preference Units must be, at the option of the respective holder, either converted into Subordinate Voting Shares of Topicus or Topicus Coop Ordinary Units respectively (on a one-for-one basis), or, if such holder does not choose such conversion within 30 days of receiving notice that the Mandatory Conversion Moment has occurred, then such Preferred Shares or Topicus Coop Preference Units must be sold to and purchased by Topicus and Topicus Coop respectively in exchange for a cash payment equal to approximately EUR 19.06 per share (or per unit as applicable). The holders will be required to provide their notification no later than May 29, 2021. The actual conversion or redemption of the Preferred Shares and Topicus Preference Units will occur on February 1, 2022.